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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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EXAMINER

BARTLEY, KENNETH

ART UNIT PAPER NUMBER

3693

DATE MAILED: 10/03/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

10/074,866

Applicant(s)

STAHL ET AL.

Examiner

Kenneth L. Bartley

Art Unit

3693

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 13 February 2002.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-26 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-26 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 02/13/2002 is/are: a) ☐ accepted or b) ☒ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____.
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____.
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____.

DETAILED ACTION

1. Claims 1 – 26 have been examined.

Drawings

2. The drawings are objected to because Figure 2 shows a line connected from Box 210 (Finance an Escrow Account) to Box 212 (Purchase Commercial Annuity) to Box 214 (Pay Outstanding Debts) to Box 216 (Channel Annuity Proceeds to Loan for Term of Annuity) instead of Box 210 to Box 214 to Box 212 and to Box 216. Corrected drawing sheets in compliance with 37 CFR 1.121(d) are required in reply to the Office action to avoid abandonment of the application. Any amended replacement drawing sheet should include all of the figures appearing on the immediate prior version of the sheet, even if only one figure is being amended. The figure or figure number of an amended drawing should not be labeled as "amended." If a drawing figure is to be canceled, the appropriate figure must be removed from the replacement sheet, and where necessary, the remaining figures must be renumbered and appropriate changes made to the brief description of the several views of the drawings for consistency. Additional replacement sheets may be necessary to show the renumbering of the remaining figures. Each drawing sheet submitted after the filing date of an application must be labeled in the top margin as either "Replacement Sheet" or "New Sheet" pursuant to 37 CFR 1.121(d). If the changes are not accepted by the examiner, the

applicant will be notified and informed of any required corrective action in the next Office action. The objection to the drawings will not be held in abeyance.

Specification

3. The disclosure is objected to because of the following informalities: A microprocessor used for general computing would not normally be described as an application-specific integrated circuit (ASIC), a field programmable gate array (FPGA), a digital signal processor, or a micro-controller.

Appropriate correction is required.

4. The specification is objected to as failing to provide proper antecedent basis for the claimed subject matter. See 37 CFR 1.75(d)(1) and MPEP § 608.01(o). Correction of the following is required: Claim 8 references "directing step" in Claim 1, but there is no mention of "directing step" in Claim 1. For purposes of this examination, it is assumed that "directing step" refers to determining loan-to-value ratios on a monthly basis.

Claim Rejections - 35 USC § 103

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

6. The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

7. Claims 1 - 7 are rejected under 35 U.S.C. 103(a) as being unpatentable over Bartel, et al., ("Reverse Mortgages: Supplementary Retirement Income from Homeownership" The Journal of Risk and Insurance, Vol. 47, No. 3. (Sept., 1980), pp 477-490), in view of Bruss ("Real Estate Second mortgage checklist" Providence Journal, Providence, R.I.: Aug 18, 1984. pg. G-04).

8. Regarding applicant Claims 1 - 3, Bartel, et al. (pp. 480-490), describes a Reverse Annuity Mortgage (RAM), also known as a Home Income Plan that:

- a. Provides a loan to a borrower;
- b. Purchases an annuity with the loan;
- c. Provides periodic annuity payments to the individual that are reduced by interest payments on the loan.

While Bartel, et al., does not specify an escrow account, an account of some type is implied since the annuity payment to the individual is reduced for the interest payment on the loan (p. 480).

Also, although Bartel, et al., does not discuss steps used to evaluate an equity loan, it would have been obvious to one of ordinary skill in the art at the time of invention to

include these steps motivated by Bruss, who provides a checklist with steps to determine if a loan should be made. Such steps include determining the equity value of the property and the loan-to-value percent. Loan-to-value thresholds as a means of limiting loan amounts are also specified, with specific thresholds of 75% to 80%.

9. Regarding applicant Claim 4 and 5, Bruss in step (2) indicates the importance of receiving a borrower's financial statement and credit report, which would list other outstanding debts that could be totaled. Bartel, et al., specifies as a variation of the RAM, a lump-sum payment that precedes the annuity (p. 481). While Bartel, et al., does not specify what would be done with the lump-sum payment, It would have been obvious to one of ordinary skill in the art at the time of invention that the lump-sum payment could be used to pay the total of other outstanding debts, which could include unpaid real estate taxes, insurance, and utility bills.

10. Regarding applicant Claim 6, Bartel, et al., mentions that the added income from the RAM can be used to cover the costs of maintaining a home (p. 490). While Bartel, et al., does not specify the accounting details of such payments, it would have been obvious to one of ordinary skill in the art at the time of invention that incurred debts could be added to interest expense, which would reduce the annuity payment to the individual.

11. Regarding applicant Claim 7, Bartel, et al., states that higher expenses in later years may require an annuity where the payment increases (p. 481).

Art Unit: 3693

12. Claims 8 - 26 are rejected under 35 U.S.C. 103(a) as being unpatentable over the references as combined in section (7), above, in further view of Pub. No. U.S. 2001/0047327 to Courtney and U.S. Patent No. 6,012,047 to Mazonas, et al..

13. Regarding Claim 8, Courtney provides for a method where the loan-to-value ratio is calculated on a periodic basis, including monthly ([0043]).

14. Regarding Claims 9 and 20, Mazonas, et al., provides:

- a. A system database and a means for collecting and inputting loan data into a processing system (col. 4, lines 12-14 and col. 6, lines 20-28);
- b. A processor with memory that can be used to:
 - i. Determine the value of a property (col. 4, lines 19-22).

Courtney also provides for:

- a. A computer method to determine the appraisal value of a property ([0041];
- b. Software on a Web server where the loan-to-value ratios can be calculated ([0018] and [0065], Claim 1).

Mentioned in Section 8 above, Bruss provides a checklist with loan-to-value guidelines to help determine if a loan should be made. Also, as mentioned in Section 8 above, Bartel, et al., implies some type of account to pay interest on the loan, where the annuity purchased by a RAM provides for monthly interest payments. Therefore, it would have been obvious to one of ordinary skill in the art at the time of invention motivated by Mazonas, et al., who provides for a loan-servicing module (col. 3, lines 42-50), that a computer program could be developed to record receipt of and make periodic payments using the proceeds of the annuity.

Art Unit: 3693

15. Courtney provides for a Web server that is accessed by personal computers ([0065], Claim 1). This can be considered a program storage device with program instructions that can be read by a machine.

16. Regarding Claims 10, 11, 21, and 22, Courtney provides a means using a computer to calculate and track loan-to-value ratios ([0043] and [0065], Claim 8). While Courtney does not set a threshold value, it would have been obvious to one of ordinary skill in the art at the time of invention motivated by Bruss to include a specific threshold value amount that is not exceeded. Section 15 above provides the rationale for program instructions stored on a storage device.

17. Regarding Claim 12 and 23, Bartel, et al., provides for a lump-sum payment that precedes the annuity, which could be used for outstanding debts. While Bartel, et al., does not computerize this process, it would have been obvious to one of ordinary skill in the art at the time of invention, motivated by Mazonas, et al., to use a computer to calculate total costs and eliminate the debts using the proceeds of the lump-sum payment (col. 10, lines 56-67). Section 15 above provides the rationale for program instructions stored on a storage device.

18. Regarding Claim 13 and 24, Mazonas, et al., provides for the proper collection of periodic payments, using their loan service module, including property taxes and insurance and other periodic events, which could include utility bills (col. 3, lines 44-50 and col. 12, lines 53-59). Section 15 above provides the rationale for program instructions stored on a storage device.

Art Unit: 3693

19. Regarding Claims 14 and 25, Mazonas, et al., provides a method to deal with periodic and unscheduled transactions (col 12, lines 32-37 and lines 53-59). Also, Mazonas, et al., anticipates costs, which could include incurred debts, such as home repair costs (col. 10, lines 56 to 67). The effect is to reduce the amount available for the reversed mortgage. Section 15 above provides the rationale for program instructions stored on a storage device.

20. Regarding Claims 15 and 26, Mazonas, et al., provides for data processing means to determine monthly reverse mortgage payments (col. 10, lines 9-19). While Mazonas, et al., does not call the reverse mortgage an annuity, it would have been obvious to one of ordinary skill in the art at the time of the invention that annuity implies a periodic payment. Section 15 above provides the rationale for program instructions stored on a storage device.

21. Regarding Claim 16, Mazonas, et al., provides for a remote networked system linked to a processor (col. 4, lines 3-15 and lines 25 – 31).

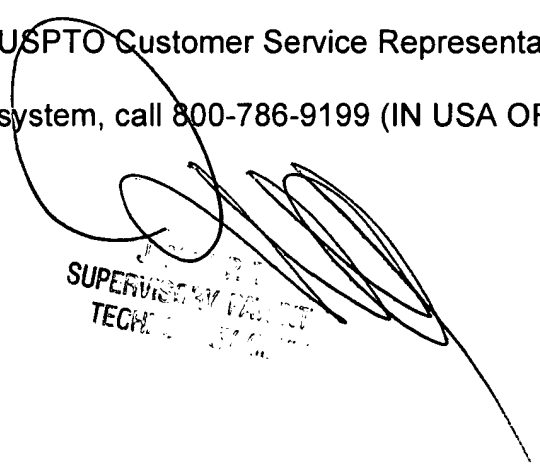
22. Regarding Claim 17 and 19, Mazonas, et al., describes a system that includes a single processor with a monitor (col. 4, lines 40-45). While Mazonas, et al., does not describe removable media storage device coupled with a processor, it would have been obvious to one of ordinary skill in the art at the time on the invention that removable memory storage devices are a common method to store data.

23. Regarding Claim 18, Courtney provides for printing a loan-to-value report ([0035] and [0065], Claim 4), which demonstrates that a printer can be operatively coupled to a processor.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Kenneth L. Bartley whose telephone number is (571) 272-5230. The examiner can normally be reached on Monday through Friday, 8:00 - 5:00 EST.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Trammell can be reached on (571) 272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.


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